

Administration of Barack Obama, 2011

**Remarks at a Town Hall Meeting and a Question-and-Answer Session in
Cannon Falls, Minnesota**

August 15, 2011

The President. Hello, Cannon Falls! Hello, Minnesota! Oh, well, what a spectacular setting. Let's get the grill going.

Audience member. Fishing!

The President. And do a little fishing? Yeah? It is wonderful to see all of you here today. Thank you for showing up, and what an incredible setting. Everybody, feel free to have a seat; we're going to be here for a while. [*Laughter*]

A couple introductions I want to make real quick, although these folks don't need any introduction. The outstanding Governor of Minnesota Mark Dayton is in the house. Two of the finest Senators in the country, Amy Klobuchar and Al Franken are here; from your congressional delegation, Tim Walz, Keith Ellison. We've got the Secretary of the Department of Agriculture, Tom Vilsack is here. And I want to thank the mayor of Cannon Falls, Minnesota, for organizing perfect weather; Robby Robinson is here.

So I am very pleased to be out of Washington, and it is great to be here. What I'm going to do is I'm just going to say a few things at the top, and then what I want to do is just open it up for questions and comments, and I want to hear from you guys. That's the reason that we're on this bus tour.

Obviously, America has gone through extraordinary challenges over the last 2½ years. We've gone through the worst recession since the Great Depression, dating all the way back to 2007, 2008. But here's the interesting thing: If you ask people around the world, people would still tell you America has got the best universities, we've got the best scientists, we've got the best entrepreneurs, we've got so much going for us that folks would gladly trade places with us. Around the world, people still understand the extraordinary power, but also the extraordinary hope that America represents.

So there is nothing wrong with America that can't be fixed; what's broken is our politics. Think about it: Over the last 6 months, we've had a string of bad luck. There have been some things that we could not control. You had an Arab Spring in the Middle East that promises more democracy and more human rights for people, but it also drove up gas prices, tough for the economy, a lot of uncertainty. And then you have the situation in Europe, where they're dealing with all sorts of debt challenges, and that washes up on our shores. And you had a tsunami in Japan, and that broke supply chains and created difficulties for the economy all across the globe.

So there were a bunch of things taking place over the last 6 months that were not within our control. But here's the thing: The question is, how do we handle these challenges? Do we rise to the occasion? Do we pull together? Do we make smart decisions? And what's been happening over the last 6 months, and a little bit longer than that if we're honest with ourselves, is that we have a political culture that doesn't seem willing to make the tough choices to move America forward.

We've got a willingness to play partisan games and engage in brinkmanship that not only costs us in terms of the economy now, but also is going to place a burden on future generations. And the question is, can we break out of that pattern? Can we break out of that pattern? Think about it: We just went through this debacle with the debt ceiling, an entirely self-inflicted wound. It wasn't something that was necessary. We had put forward a plan that would have stabilized our debt and our deficits for years to come. But because we've got a politics in which some folks in Congress—not the folks who are here, but some in Congress—would rather see their opponents lose than America win, we ended up creating more uncertainty and more damage to an economy that was already weak.

Now, we can't have patience with that kind of behavior anymore. I know you're frustrated, and I'm frustrated too. We've got to focus on growing this economy, putting people back to work, and making sure that the American Dream is there not just for this generation, but for the next generation.

Another way of putting this is, we expect our political representatives to show the same level of responsibility that all of you show. I don't know most of you, but I can guess that you're all working hard. You're managing your budgets. You're putting something away for your kids' college education, maybe for your retirement. You're at the local church, working in the food pantry or doing something to help out your community, coaching Little League. You are following through on your responsibilities, and that's true all across the country. People are doing the right thing.

Well, if you can do the right thing, then folks in Washington have to do the right thing. And if we do that, there is not a problem that we face that we cannot solve.

Think about it: Our biggest challenge right now is putting people to work; biggest challenge is getting the economy growing as rapidly as it needs to grow. It's been growing. We've been able to reverse the recession. We've added over 2 million jobs in the private sector over the last 17 months. But we're not growing it as fast as we need to to drive down the unemployment rate in a significant way and to give people confidence.

So here are some things that we could do right now, what I've been talking about now for months. We could renew the payroll tax cut that we gave you in December that put \$1,000 in the pocket of a typical family so that you've got more money in your pockets to spend to meet your obligations. It also means businesses have more customers. And it means they might hire a few more folks as a consequence. All we need to do is renew it. It's already in place. If we have certainty next year that that same tax cut is going to be in place, then that's going to help businesses make decisions to hire people and open up and make investments. That's something we could do right now. Congress can do that right now.

Congress right now could start putting folks to work rebuilding America. One of the biggest things that caused this recession was the housing bubble and all those subprime loans that were going out that were getting packaged in Wall Street and folks were making millions and billions of dollars off them and then the whole thing came crashing down. And no one has been hit harder than construction workers.

And so for us to say at a time when interest rates are low, contractors are begging for work, construction workers are lining up to find jobs—let's rebuild America. We could be rebuilding roads and bridges and schools and parks all across America right now, could put hundreds of thousands of folks to work right now.

There's a bill sitting in Congress right now that would set up an infrastructure bank to get that moving, attracting private sector dollars, not just public dollars. Congress needs to move.

Right now we've got our veterans coming home from Iraq and Afghanistan, who've taken their place among the greatest of generations, have made extraordinary sacrifices. These are—I meet these young people—[*applause*—I meet young people, 23, 24 years old, they're in charge of platoons, making life or death decisions. They're in charge of millions, tens of millions, a hundred million dollars' worth of equipment, and they're coming home and they can't find work. So we've said, let's give tax credits to companies that are hiring our veterans, and let's put them back to work, and let's let them use their skills to get this country moving again. Congress could do that right now.

Trade deals. You know, trade deals haven't always been good for America. There have been times where we haven't gotten a fair deal out of our trade deals. But we've put together a package that is going to allow us to start selling some Chevys and some Fords to Korea so that—we don't mind having Hyundais and Kias here, but we want some "Made in America" stuff in other countries. That's something that Congress could do right now.

Patent reform is something that a lot of folks don't talk about, but our entrepreneurs, when they come up with a good idea, if we could reform how that system works and cut some of the redtape, we could have entrepreneurs creating businesses like Google and Microsoft right now, all across the country. But we've got to make this investment, and Congress could make that decision to make it happen.

So there is no shortage of ideas to put people to work right now. What is needed is action on the part of Congress, a willingness to put the partisan games aside and say, we're going to do what's right for the country, not what we think is going to score some political points for the next election.

Now, we also need to do this in a way that allows Government to live within its means. Like I said, everybody here, you make responsible choices about what you can afford and what you can't afford. America needs to do and can do the exact same thing. There are some programs that don't work; we should stop funding them. There is some redtape that needs to be cut; we should cut it. But the fact of the matter is that solving our debt and deficit problems simply requires all of us to share in a little bit of sacrifice, all of us to be willing to do a little bit more to get this country back on track. And that's not too much to ask.

Basically what we need to do is we need to cut about \$4 trillion over the next 10 years. Now, that sounds like a big number; it is a big number. But if we were able to, as I proposed, cut about \$2 trillion in spending, if folks who could best afford it—millionaires and billionaires—were willing to eliminate some of the loopholes that they take advantage of in the Tax Code and do a little bit more, and if we were willing to take on some of the long-term costs that we have on health care, if we do those things, we could solve this problem tomorrow. I put a deal before the Speaker of the House, John Boehner, that would have solved this problem. And he walked away because his belief was we can't ask anything of millionaires and billionaires and big corporations in order to close our deficit.

Now, Warren Buffett had an op-ed that he wrote today, where he said, "We've got to stop coddling billionaires like me." That's what Warren Buffett said. He pointed out that he pays a lower tax rate than anybody in his office, including the secretary. He figured out that his tax bill, he paid about 17 percent. And the reason is because most of his wealth comes from capital gains. You don't get those tax breaks. You're paying more than that. And—now, I may be

wrong, but I think you're a little less wealthy than Warren Buffett. That's just a guess.
[Laughter]

The point is, is that if we're willing to do something in a balanced way, making some tough choices in terms of spending cuts, but also raising some revenue from folks who've done very well, even in a tough economy, then we can get control of our debt and deficit and we can start still investing in things like education and basic research and infrastructure that are going to make sure that our future is bright. It's not that complicated, but it does require everybody being willing to make some compromises.

I was in Holland, Michigan, the other day, and I said, I don't know about how things work in your house, but in my house if I said, "You know, Michelle, honey, we got to cut back, so we're going to have you stop shopping completely. You can't buy shoes, you can't buy dresses, but I'm keeping my golf clubs." [Laughter] You know, that wouldn't go over so well.

The point is, something is happening in Washington where we think that kind of compromise that we do every day in our own families, with our neighbors, with our coworkers, with our friends, that somehow that's become a dirty word. And that's got to change. That's got to stop.

So here's the bottom line: Obviously, with the markets going up and down last week and this downgrade, a lot of folks were feeling a little anxious and distressed and feeling like, boy, we've been working so hard over the last 2½ years to get this economy back out of recession, and some folks worry that we might be slipping back. I want all of you to understand: There is nothing that we're facing that we can't solve with some spirit of America first, a willingness to say, we're going to choose party—we're going to choose country over party, we're going to choose the next generation over the next election. If we are willing to do that, then I have absolutely no doubt that we can get this economy going again, we can put people to work back again, small businesses can start growing again. But I'm going to need your help to make it happen. You've got to send a message to Washington that it's time for the games to stop. It's time to put country first. It is time for the games to stop.

Some folks were asking me, well, why don't you just call Congress back? And I said, you know, I don't think it's going to make people feel real encouraged if we have Congress come back and all they're doing is arguing again. So what they need to do is come to Cannon Falls, they need to come to—they need to go back to their districts, talk to ordinary folks, find out how frustrated they are, and hopefully, when they get back in September, they're going to have a new attitude.

But I want everybody to understand here that I'm not here just to enjoy the nice weather, I'm here to enlist you in a fight. We are fighting for the future of our country. And that is a fight that we are going to win. That is a promise that I make with your help.

Thank you very much, everybody.

Thank you. All right, so everybody have a seat. We're—here's how we're going to do it. I'm just going to call on folks, and we're going to go girl, boy, girl, boy to make sure that—[laughter]—make sure it's fair. I've got a couple of daughters, so I know that sometimes, you know—all right.

Right here, go ahead. Yes, yes. Hold on, we got a mike—and introduce yourself for me.

Alternative Energy Sources

Q. Okay. Hi, I'm Cecilia Findorff, and first off, President Obama, I just—I want to say, as a young voter, thank you for helping me believe that it will be good some day, like——

The President. It's going to be good.

Q. But I have a question, I promise.

The President. You bet.

Q. My question is, how are you going to use renewable energy to create jobs in the future?

The President. Well, this is a great question, especially for rural communities all across America. Tom Vilsack, who was the former Governor of Iowa, knows a little bit about agriculture. And so when I put Tom in as the head of the Department of Agriculture, one of the first things we talked about was, how can we mobilize the incredible resourcefulness and hard work of rural communities all across this country, not just to create jobs, but also to win back energy independence. And as a consequence, we have put billions of dollars into energy research and to help move in a direction of greater reliance on fuels that are homegrown.

So let me give you a couple of examples. One, obviously, is biofuels. And a lot of folks here are familiar with corn-based ethanol, but the fact of the matter is, the technology is moving where we need to start taking advantage of a whole range of biofuels, using refuse, using stuff that we don't use for food to create energy. And we are seeing incredible progress on that front, but it's key to make sure that we continue to make the research and that we also use the incredible purchasing power of the Federal Government to encourage it.

So one of the things that I know we're doing is we're actually working with the Department of Defense to start saying, let's run some of these—let me just say this: The Department of Defense uses a lot of fuel, so the question is, can we get trucks and jeeps and, in some cases, even fighter jets running on alternative fuels, which is important for our national security, but also could provide an incredible boost to communities all across Minnesota, all across the country?

The other thing that we have to do is look at things like wind power and solar power and the next generation of electric vehicles. You will recall when I came into office they were talking about the liquidation of GM and Chrysler, and a lot of folks said, you can't help them, and it's a waste of the Government's money to try to help them. But what I said was, we can't afford to lose up to a million jobs in this country, particularly in the Midwest, but we also can't afford to lose leadership in terms of building an auto industry that we used to own.

And so we turned around those auto companies; they are now making a profit for the first time in decades, they're gaining market share for the first time in years. But what we said was, if we're going to help you, then you've also got to change your ways. You can't just make money on SUVs and trucks. There's a place for SUVs and trucks, but as gas prices keep on going up, you've got to understand the market—people are going to be trying to save money.

And so what we've now seen is an investment in electric vehicles, and then what we did was we put investments in something called advanced battery manufacturing, because those electric cars, how well they run depends on how good the batteries are, how long they can run before they get recharged. We only had 2 percent of the advanced battery manufacturing market when I came into office. We're on track now to have 30, 40, 50 percent of that market. We are making batteries here in the United States of America that go into electric cars made here in the United States of America. It creates jobs and it creates energy independence and it also improves our environment.

So that's the kind of approach that we have to take, using the private sector, understanding that ultimately the private sector is going to be creating jobs, but also understanding that the Government can be an effective partner in that process. And nowhere is that more true than in rural America. So, great question.

All right, gentleman right here. You can borrow my mike. Oh, you got it? Okay.

Broadband Technology/Voter Confidence

Q. Mr. President, I'm Gary Evans from Winona, Minnesota. I run a broadband company there, and I've got a couple of messages that I hope you'll take back to your colleagues in DC. The first is, 2 years ago we had 60 employees; tomorrow we will cross a hundred. We are making the investments in this country, so my first message is: Help the job creators; do what it takes. Secondly, it was already apparent as the debt debate went on that the mood in America had shifted again to skepticism, so I'm hoping that you and your colleagues will do everything possible to make certain that confidence is restored to the country and that we have a bright future. I think broadband is a key, and I appreciate what you did for it during the stimulus act. Thank you.

The President. Thank you. We were talking earlier about rural America. Despite all its incredible advantages, especially its people, a disadvantage is that rural America, by definition, is a little more spread out. It's a little more stretched out, right? Population density isn't as great. So as a consequence, when we've seen all these investments in wireless and broadband and all these new technologies that are stitching the world together, a lot of times rural America is left out.

And that's why, when we came into office, one of the big investments we said we were going to make is in broadband technology so that we can connect every single town all across America. We want 98-percent coverage when it comes to broadband, and we want that same kind of coverage when it comes to wireless, because what that means is, is that if there's a small business in Cannon Falls that's got a great idea, you don't have to just confine your market to Cannon Falls; you can start selling in Rochester and then you start selling in Des Moines and then you start selling in New York and maybe you start selling something in Paris. And there are incredible opportunities in terms of business growth, but it requires a connection to all these wider markets.

The days are gone where any business is going to succeed just by selling right where they're located. And that's why we've made such a big investment in this, and I'm pleased to see that it's working.

In terms of boosting folks' confidence, I think people would actually feel pretty confident if they felt like their leaders were working together. I mean, that's my belief. But I also think that they're looking for some practical common sense. I know it's not election season yet, but I just have to mention, the debate the other party candidates were having the other day, when they were asked to reduce our deficit, reduce our debt, would you be willing to take a deal where it was \$5 of spending cuts for every \$1 of increased revenues, who would take it? Everybody said no. They said, how about 10 to 1? Ten dollars of cuts for every dollar increase in revenue? Are you saying that none of you would take it? And everybody raised their hand. None of them would take it. Think about that. I mean, that's just not common sense.

Ronald Reagan, George H.W. Bush, Bill Clinton—the last time we had a balanced budget, all of them understood that you have to take a balanced approach to solving our deficit and debt problems, the same way a family would. If you knew that you had to cut down your—

on your budget, you wouldn't stop funding the college fund for your kid. You wouldn't say, sorry, Johnny, you know, things are tight so we're going to keep on taking our annual vacation and I'm going to buy a new car next year, but you're not going to college. That's not how you balance your budget.

Well, the American people are expecting that same kind of common sense reflected. And if it was there, I guarantee your confidence would go up. I speak to CEOs of companies all across America, and what they tell me is, you know what, we're actually willing to do a little bit more when it comes to our personal taxes, because they know they've done very well. They said, the single most important thing we want is making sure that middle class families and small businesses are successful, because if they're successful we're going to be successful and we'll have more products. That's what we're waiting for. And that can be achieved, but it's going to require all of us working together.

All right, who's next? Yes, this young lady in the green, right there. And then I'll call on this guy back there because you've been—you've had your hand up a bunch of times.
[Laughter]

Agricultural Sector

Q. Okay, thank you. Welcome, President Obama.

The President. Thank you.

Q. My name is Eunice Biel from Harmony, and my husband and son and his wife were dairy farmers. And so I just wanted—for years, we have—we've never had very much money, but we have been creating wealth for this country. And I would just like to say that I am—with your rural committee, I just wanted you to keep that in mind that we always create wealth for this country. Thank you.

The President. You bet. You bet. You know, one thing that I think is worth noting, because—again, I'm going to brag on Vilsack here, because he's done a great job—through the Department of Agriculture, we've provided \$5 billion in assistance, in terms of loans and other forms of assistance, to small and medium-sized farmers all across the country. And that creates a lot of jobs.

One of our great strengths as a country is agriculture. And one of the pledges that I made when I came into office was we're going to double our exports. And a big component of that is agricultural exports. And so far, we've seen agricultural exports rise to over \$100 billion. It creates over two—that means over 800,000 jobs all across America. But the fact of the matter is, is that a lot of family farmers are still struggling. And so one of the things that we're going to be talking about during this tour—and we've got a big roundtable discussion tomorrow, drawing on the work that our Rural Council did—is how we can make sure that we can get more capital to small farmers, how can we help young farmers who want to go into farming be able to buy land because land prices have gone up so high, how can we make sure that they're able to market their products effectively, because right now, if you're not a mega-farm, a lot of times you get squeezed.

So there are a lot of things that we can be doing to help the farm economy. And if you help the farm economy in rural communities, you help the economy of entire States. And if you help entire States, then that's good for the country as a whole. So thank you for what you do.

Young man over here.

National Debt and Deficit/Medicare and Medicaid

Q. Well, thank you, President Obama, for coming to the great State of Minnesota, home of Senator Paul Wellstone.

The President. And Franken and Klobuchar.

Q. Yes, for sure. My name is Will Morrison. I actually live in Rochester, Minnesota, home of the Mayo Clinic. Well, I just want to say I don't think we should solve this debt crisis—and it is a crisis—on the backs of the middle class and the poor. They don't have special interests, they don't have lobbyists. And I want to be their lobbyist and special interest. And I just think that if we are serious about this debt, we need to ask the millionaires and billionaires to give up their tax breaks so not all the burden is on us.

The President. Well, we—look, I can completely agree with you.

Q. So with that, I just want to say thank you so much for a great job you are doing. I support you 100 percent. And you got my vote in 2008, and I'm going to vote for you in 2012. Good luck.

The President. Thank you. Thank you. I do want to just say one thing about this debt. When I came into office, we had about a trillion dollars of debt—or deficits already. The debt is the accumulation of the annual deficits, year after year. We had a balanced budget in 2000. We then launched two wars that we didn't pay for. First time we had ever, by the way, not decided to pay for wars that we were going to fight; we just put it on the credit card.

We added a prescription drug plan for seniors, which was important to do, but we didn't pay for it. And we had tax cuts in 2001 and 2003 that were not paid for. So that added a huge amount of debt. And then with the recession coming in, that added more debt, because what happens is you get less tax revenue, businesses have fewer sales, folks may have been laid off. And you're also sending more money out because of things like unemployment insurance, helping farms stay afloat, making sure that we were putting folks to work through things like broadband.

So the debt problem is real and the deficit problem is real, but as I said before, it is actually a manageable problem. And if you don't believe me, think about it: Even after the downgrade, the next day, when the stock markets were going haywire and everybody was thinking, what's the best risk-free investment, what did they invest in? They invested in treasuries. So the market said this is—America is still one of our best bets. They're betting on us. And that's why you have to recognize this is not a financial crisis although it could turn into one if we don't do anything about it; this is a political crisis. This is manageable.

Now, I don't want to lie to you. That doesn't mean that we can't—and we don't have to make some tough choices. We do. We cut in this debt deal about a trillion dollars' worth of spending over 10 years. We protected programs for student loans through the Pell grant program, for example. We protected programs for hungry kids. We protected health care for seniors. We protected people who are the most vulnerable and need the most help from Government. But we made some cuts in areas, including defense spending, by the way, where we had just gotten kind of carried away. And that was important to do.

Now, that solves about one-fourth of the problem. We've got more work to do. The key—and I want everybody to pay attention to this as the debate unfolds over the next couple of months—the key is not to try to cut more out of programs for poor folks or programs for seniors. The key right now is to get a long-term plan for fiscal stability. And in the short term,

we should actually make more investments that would put people to work and get the economy moving. And if you combine those two things, we can actually solve this problem and grow the economy at the same time.

The one area where we are going to have to take a look at how we can improve the system is our health care programs, Medicare and Medicaid. Now, my grandma, even though she worked hard all her life, had a decent income most of her life, she was hugely reliant on Medicare at the end of her life. So I know what Medicare means to seniors.

What is also true, though, is our health care costs have been skyrocketing and more seniors are joining up Medicare because the population is getting older. So part of what I recommended when we were in these negotiations—although we didn't get a commitment from the other side—is to say, can we manage to reduce the overall cost of Medicare in a way that still preserves the integrity of the system and strengthens it so it's there for future generations?

Now, what some of the folks on the other side are proposing is actually to turn Medicare into a voucher program. So instead of fixing the system, they'd just completely overhaul it. And what would happen would be, is you'd get a voucher that says, you're allowed to get X amount—spend X amount on health care, and if your health care costs keep on going above that, you're out of luck. And it was estimated that under their plan the average senior would pay about \$6,000 more per year for their Medicare when it kicked in. I think that's a bad idea. I think there are better ways for us to manage the Medicare problem than to put a burden on seniors.

And one example is, if I were paying my fair share of taxes, then we don't have to put that kind of burden on seniors. We don't have to. I don't want a tax break that requires 33 seniors or 40 seniors to pay thousands of dollars more on their health care. I don't need it. And it's not the right thing to do.

All right. The young lady right here has been waiting for a while. Hold on, one second, get your microphone. We want to all hear you.

Social Security

Q. Welcome to Minnesota.

The President. Thank you.

Q. Mr. President, I've been sleeping in my truck for 2 days to ask you this question. [Laughter] I am recovering from lung cancer. I tried to get Social Security disability and they turned me down. My question to you is, we can talk about Social Security a little bit?

The President. Well, Social Security—here's my commitment—I don't know about the other folks, but I'll make a commitment as long as I'm President of the United States, Social Security will not only be there for you, but it's also going to be there for the next generation and the generation after that because it's one of the most important social insurance programs that we have. And by the way, you pay into Social Security. They call it an entitlement, but it's not an entitlement; you're paying for it. It's getting taken out of your paycheck.

So it is true that as the population gets older there's going to be more and more pressure on the Social Security system. But the Social Security system is not the cause of our debt and our deficit. So don't let folks fool you by saying that in order to get a handle on our debt, we've

got to slash Social Security. There are some modest adjustments that can be made that will make it solvent for 75 years, and that's about as long as you can think ahead as a country.

And the way to do it is similar to the way that Ronald Reagan and Tip O'Neill fixed Social Security back in 1983. They said, okay, we'll make some modest adjustments that are phased in over a very long period of time; most folks don't notice them. But if we do that and all the money goes back into Social Security—it doesn't go anywhere else—then there's no reason why Social Security won't be there for future generations. But again, this is an example of where everybody gets so dug in on their positions.

And I have to say, in fairness, because I've commented on the other side not always being flexible, there have been times where our side—when Democrats aren't always as flexible as we need to be. I mean, sometimes I do get frustrated when I hear folks say, you can't make any changes to any Government programs. Well, that can't be right. I mean, most companies every year, they're kind of thinking, what can we do better? Are there some changes we could make in order to have the operation go a little smoother? The government should have to do the same thing. But that doesn't mean we have to make radical changes that dismantle what is the most important social insurance program that we have. But again, the problem is not the program, the problem is our politics.

You'll hear a lot of folks, by the way, say that Government is broken. Well, Government and politics are two different things. Government is our troops who are fighting on our behalf in Afghanistan and Iraq. That's Government. Government are also those FEMA folks when there's a flood or a drought or some emergency who come out and are helping people out. That's government. Government is Social Security. Government are teachers in the classroom. Government are our firefighters and our police officers and the folks who keep our water clean and our air clean to breathe and our agricultural workers. And when you go to a national park, and those folks in the hats—that's Government.

So don't be confused—as frustrated as you are about politics, don't buy into this notion that somehow Government is what's holding us back. Now, too much Government, if it's oppressive and bureaucratic and it's not listening to people and it's not responsive to the needs of people and isn't customer friendly, that's a problem. And if you stand in line at some Government office and nobody seems to be paying any attention to you, well, that needs to be fixed. And if somebody is trying to regulate a small business and they're not paying attention to the realities of the small business, that's a problem.

But don't buy into this whole notion that somehow Government doesn't do us any good; Government is what protects us. The Government is what built the Interstate Highway System. Government is what sent a man to the Moon. It's what invested in the research and development that created innovations all across this country.

All right. I think it's a gentleman's turn, isn't it? Right back there. Yes, sir. Right there.

Our mike guys are doing a great job, aren't they? Give them a round of applause.

Education Reform

Q. Thank you. Are we on? First of all, welcome to Cannon Falls, President Obama. We're really pleased to have you here.

The President. Thrilled to be here.

Q. You just did a little lead-in to my question a couple of minutes ago when you said that the Government is a lot of things. And as we look around us right now and we see that we are ringed by school buses all the way around this way, that's kind of where I'm headed here. It's because we can't improve the economy unless we improve its foundations, and education is at the foundation of this economy. I would like to know what it is that your administration is planning on doing to bolster education in the face of State cuts, Federal cuts—45 students to a classroom, cutting teachers, and so forth.

Thank you.

The President. Well, let me tell you first of all what we did when I came into office. The Recovery Act, about a third of it was support to States to prevent layoffs of teachers and firefighters and police officers. And thanks to the work that Amy and Al and Keith and Tim and others did, even after the first round of the Recovery Act, we then gave States some additional assistance to prevent layoffs of teachers.

Now, at a certain point, the money ran out. And States are still going through a tough time. I personally believe that one of the most effective ways that we could help the economy is making sure that we're not seeing more teacher layoffs, and I'm going to be working with Congress and State governments all across the country to prevent that from happening, because you're exactly right: We can't eat our seed corn. We can't shortchange investments in the future, and no investment is more important than education.

Now, the challenge we have in education is not just money though. We've also got to make it work better. And that's why what my administration has done is to say, we're going to put more money into education, but we're also going to look for high standards and reform at the State levels. And what we've tried to do is collaborate with Governors and say, look, instead of a No Child Left Behind law that labels schools failures but doesn't give them help that they need, what we think you should do is we'll work with you to come up with what are the things that work. How do we help train young teachers more effectively? How do we make sure that there's good data, so instead of just teaching to the test, teachers are able to get results from a test to use to actually improve teaching in the classroom while it's taking place right then?

And the steps we've taken, including something called Race to the Top that creates competition and says, you know what, if you're doing a really great job and you're coming up with innovative new ideas, we'll give you a little extra money to implement those reforms and those good ideas. We're actually starting to see improvement across the country. The problem is, if the improvement is undermined because teachers are getting laid off and kids are ending up having to go to school four days a week in some states instead of five, or if suddenly things like music and art and PE that used to be critical to any school experience, suddenly that stuff is going away, then that's undermining the reforms that we're making.

So my argument to every Governor and every local school district is, figure out what you can do without, but don't shortchange education. And ultimately, the most important thing in education are our teachers, and we've got to give them support and buck them up. In fact, we should be paying them more than they're getting paid. If we're doing that, then we'll be in pretty good shape.

All right. Gentleman in the yellow—oh, I'm sorry, it's a lady's turn. Right there, in the sunglasses, in the blue blouse, right there. There we go.

Medical Marijuana/Health Care Reform

Q. Hi, Mr. President. My name is Teresa Morrill, and I just want to say that I'm really excited that you're here in Cannon Falls. And my question is, is there something we can do about the rising cost of prescription drugs? And number two, if you can't legalize marijuana, why can't we just legalize medical marijuana to help the people that need it?

The President. Well, a lot of States are making decisions about medical marijuana. As a controlled substance, the issue, then, is, is it being prescribed by a doctor as opposed to—well, I'll leave it at that. [*Laughter*]

With respect to prescription drugs, the prescription drug program that now is part of Medicare obviously has been very helpful, but the costs had been going up and up and up. So part of the Affordable Care Act health care reform, also known as "Obamacare"—by the way, you know what? Let me tell you, I have no problem with folks saying "Obama cares." I do care. If the other side wants to be the folks who don't care, that's fine with me.

But, yes, I do care about families who have been struggling because of crushing health care costs. I met a young man here who—right here—who, as a consequence of health care reform—he's got a blood disorder that, if it weren't for the health care reform act, his family would have been capped out and he wouldn't have the help that he needs. So—and you can tell he's an outstanding young man and he's going to do great things, and his family is not going bankrupt as a consequence of it.

Now, the same thing is true on prescription drugs. What we did as part of the Affordable Care Act was we said, first of all, we're going to give a \$250 rebate to every senior out there who's using the prescription drug plan to help lower their costs a little bit, and what we've done is we're starting to close what's called the doughnut hole. And for those of you who aren't familiar with the doughnut hole, the way the original prescription drug plan was structured, you would get some coverage up to a certain point—a couple thousand dollars—once you spent a few thousand dollars, suddenly it just went away and you were on your own, out of pocket, until you got on the other side where you'd spent many more thousands of dollars, and then you would get a prescription drug plan again.

Well, we said, that doesn't make any sense; let's close that hole. And as part of the Affordable Care Act, we will be closing that holes, and we're also making it cheaper for generics to get onto the market as well as brand-name drugs. So overall, the health care act should be lowering prices for prescription drugs over the next few years. It's getting phased in, so it didn't all take into effect right away after I signed the bill; it's getting phased in over the next several years. But you should start seeing some relief if your family needs prescription drugs. That was part of the Affordable Care Act. All right?

Gentleman in the yellow shirt right here.

Health Care Reform

Q. Hello, Mr. President. I'm Pat Tullo from Cannon Falls Township. First, I want to echo the sentiments of those who have spoken before me in praising you and thanking you for all of your efforts and all the things that you've tried to do during probably one of the most difficult situations faced by any President in the face of unreasonable obstruction and opposition. So thank you.

The President. Well, thank you.

Q. I'd like to follow up on health care reform. As of 2 days ago, we now have a split in the 11th Circuit and 6th Circuit Courts of Appeals, where, inevitably, this is heading for the U.S.

Supreme Court regardless of how the 4th Circuit rules. I don't have a lot of confidence in the U.S. Supreme Court with its conservative wing. My concern is that they will drive this toward striking down the individual responsibility mandate, which I understand to be so critical to making the system work—if everybody doesn't buy in, it really doesn't work. My question to you, sir, is, what do we do? This is a giant step backward if it happens. And I know I'm counting on—I'm talking about things that haven't happened yet, but just in terms of contingency planning, you must be thinking about this.

The President. Well, first of all, I think it's important for everybody to understand that the Affordable Care Act won't have fully taken effect until 2013. So on a big change like this where we're helping a lot of people, you want to phase it in and do it right.

Now, there are a lot of different component parts to it. I just mentioned prescription drugs, helping seniors be able to afford their prescription drugs. You've got the law that says that folks can stay on their parents' health insurance up until they're 26 years old, so a lot of young people, especially if they don't have a job yet or they don't have a job that gives health insurance, they've got some security as they're getting started off in life.

All the patient—essentially patient rights that were in the bill, all those things are going to be there. So no lifetime caps and no fine print that the insurance company gives you where you think you're covered and then when you're sick you go to try to get insurance and it turns out that they're not covering you for that, all that stuff is going to be in place.

And what we're doing is each State is setting up what's called an exchange where, essentially, you can pool with your friends who also don't—and neighbors who don't have health insurance, and now you've got a big purchasing unit, right, just like a big company does, and that means you can negotiate with the insurance companies and you can get a better deal.

How many people here have tried to buy health insurance on their own without a company? And you know what happens, right? They will charge you an arm and a leg, because their attitude is you're not part of a big enough pool that we can spread the risk across.

So we're setting up these exchanges. Now, where the individual responsibility mandate comes in has to do with the part of the law that says an insurance company can't reject you because you've got a preexisting condition. And—which I think is the right thing to do.

Here's the problem: If an insurance company has to take you, has to insure you, even if you're sick, but you don't have an individual mandate, then what would everybody do? They would wait until they get sick and then you'd buy health insurance, right? No point in you—I mean, it's just like your car insurance. If you could buy—if the car insurance companies had to give you insurance, you'd just wait until you had an accident and then you'd be dialing on the phone from the wreck, and you'd say, "State Farm, I'd like to buy some car insurance please." [Laughter]

So that's why the individual mandate is important. Because the basic theory is, look, everybody here at some point or another is going to need medical care, and you can't be a free-rider on everybody else. You can't not have health insurance, then go to the emergency room and each of us who've done the responsible thing and have health insurance, suddenly we now have to pay the premiums for you. That's not fair. So if you can afford it, you should get health insurance just like you get car insurance.

This should not be controversial, but it has become controversial partly because of people's view that—well, let me just say this: You've got a Governor who's running for

President right now who instituted the exact same thing in Massachusetts—this used to be a Republican idea, by the way, this whole idea of the individual mandate, and suddenly some—it's like they got amnesia. *[Laughter]* It's like, oh, this is terrible; this is going to take away freedom for Americans all over the world, all over the country. So that's a little puzzling.

One court has said—actually, the majority of courts that have looked at it, the lower courts, have said individual mandate is fine. Medical care is different from everything else. There's nothing wrong with saying to people who can afford to get health insurance, you need to buy health insurance just like car insurance. You can't wait and then go to the emergency room, because we can't turn you away at the emergency room. And if you're broke, then we'll give you some help, but if you can afford it, you should buy it. That's what the majority of courts have said.

There have been two appeals courts so far. One has said it's fine. The other one has taken sort of the conservative line that this restricts freedom and Congress doesn't have the authority to do it. If the Supreme Court follows existing precedent, existing law, it should be upheld without a problem. If the Supreme Court does not follow existing law and precedent, then we'll have to manage that when it happens.

But I just want to make everybody understand that there are a lot of components to the health care law that are good for you, even if you don't have health insurance or even if you have health insurance. It's true that we helped 30 million people get health insurance. But it was also the strongest patient bill of rights that has ever been passed to make sure that if you do have health insurance, the insurance companies don't jerk you around, that they treat you fairly. And that is going to stay in place. And that's the right thing to do.

All right, I've got time for one more question. And I'm going to ask this young lady right here. I always want to end with the next generation.

Q. I'm Vanessa Peer, and I'm from Cannon Falls. And I'm going to say, happy birthday to Val. *[Laughter]*

The President. Oh, happy birthday, Val. Val looks like she's about 29. *[Laughter]*

Q. And why Cannon Falls?

The President. Why Cannon Falls? Well, I had heard that Cannon Falls has some of the smartest, best-looking kids around. And you have confirmed the rumor about the outstanding children of Cannon Falls. *[Laughter]*

So thank you very much, everybody. God bless you.

NOTE: The President spoke at 11:56 a.m. at Hannah's Bend Park. In his remarks, he referred to Warren Buffett, chief executive officer, Berkshire Hathaway Inc.; and former Gov. W. Mitt Romney of Massachusetts, 2012 Republican Presidential candidate.

Categories: Addresses and Remarks : Cannon Falls, MN, town hall meeting and a question-and-answer session.

Locations: Cannon Falls, MN.

Names: Boehner, John A.; Buffett, Warren; Bush, George H.W.; Clinton, William J.; Dayton, Mark B.; Ellison, Keith; Franken, Al; Klobuchar, Amy J.; Obama, Malia; Obama, Michelle; Obama, Natasha "Sasha"; Robinson, Robby; Romney, W. Mitt; Vilsack, Thomas J.; Walz, Timothy J.

Subjects: Afghanistan : U.S. military forces :: Deployment; Agriculture, Department of : Secretary; Budget, Federal : Congressional spending restraint; Budget, Federal : Deficit and national debt; Budget, Federal : Entitlement spending, reform; Budget, Federal : Government programs, spending reductions; Business and industry : Automobile industry :: Decline; Business and industry : Automobile industry :: Improvement; Business and industry : Banks and financial institutions :: Loans to small businesses, increase; Business and industry : Entrepreneurship :: Promotion efforts; Business and industry : Internet commerce; Business and industry : Small businesses :: Federal assistance for international marketing and development; Business and industry : Small businesses :: Promotion efforts; Commerce, international : Free and fair trade; Commerce, international : Global financial markets :: Unrest; Commerce, international : U.S. exports :: Expansion; Communications : Broadband technology; Congress : Bipartisanship; Congress : House of Representatives :: Speaker; Defense, Department of : Funding; Drug abuse and trafficking : Marijuana legalization; Economy, national : American Recovery and Reinvestment Act of 2009; Economy, national : Economic concerns; Economy, national : Government bonds, creditworthiness; Economy, national : Improvement; Economy, national : Market volatility; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Education : No Child Left Behind Act; Education : Standards and school accountability; Education : Teachers; Education, Department of : Race to the Top Fund; Elections : 2012 Presidential and congressional elections; Employment and unemployment : Job creation and growth; Employment and unemployment : Job losses; Employment and unemployment : Unemployment insurance; Employment and unemployment : Unemployment rate; Energy : Alternative and renewable energy sources and technologies :: Promotion efforts; Energy : Alternative and renewable sources and technologies :: Federal Government use; Energy : Biofuels and ethanol; Energy : Domestic sources; Energy : Fuel efficiency standards, strengthening efforts; Energy : Gasoline, oil, and natural gas costs; Energy : Hybrid and alternative fuel automobiles :: Battery technology, U.S. production; Energy : Hybrid and alternative fuel vehicles :: Promotion efforts; Energy : Solar and wind energy; Environment : Air quality, improvement efforts; Europe : Financial markets :: Unrest; Health and medical care : Affordability and costs; Health and medical care : Cost control reforms; Health and medical care : Health insurance exchange; Health and medical care : Health insurance mandates, constitutionality; Health and medical care : Health insurance reforms; Health and medical care : Insurance coverage and access to providers; Health and medical care : Medicare and Medicaid; Health and medical care : Patient Protection and Affordable Care Act; Health and medical care : Seniors, prescription drug benefits; Health and medical care : Young adults :: Insurance coverage as dependents, age limit extension; Homeland Security, Department of : Federal Emergency Management Agency; Housing : Housing market :: Decline; Iraq : U.S. military forces :: Deployment; Japan : Earthquake and tsunami, damage and recovery efforts; Michigan : President's visit; Middle East : Democracy efforts; Minnesota : Governor; Minnesota : President's visit; Science and technology : Patent approval process, improvement efforts; Social Security and retirement : Social Security program; Social Security and retirement : Social Security reform; Taxation : Capital gains tax, reduction; Taxation : Payroll tax cut; Taxation : Tax Code, reform; Taxation : Tax cuts, budgetary effects; Transportation : Infrastructure, national, improvement efforts; Veterans : Unemployment and underemployment; Veterans Affairs, Department of : Education and job training assistance; White House Office : White House Rural Council.

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